

WORKERS OF THE WORLD UNITE



AUGUST 1st, 1933

VOLUME X

COMMUNIST INTERNATIONAL

No 15

TEN CENTS
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OVERLEAF

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Number 15

Published fortnightly in Russian, German,
French, Chinese, Spanish and English.

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THE LONDON CONFERENCE AND THE NEW PHASE IN THE ECONOMIC WAR.

—THE GROWING CRISIS IN THE FIRST HALF OF 1933

AMONG the numerous international conferences called by the bourgeoisie, none as conceived under such an "unlucky star" as the World Economic and Financial Conference in London. This is so not only in the sense that, although in the opinion of the British King the conference is the most imposing gathering in the history of humanity, it has, nevertheless, displayed a total incapacity to solve the problems facing it—in this respect, in the sense of practical futility, it does not in the least differ from everything connected, one way or another, with the League of Nations. The new element which appeared in London was the fact that the world bourgeoisie is no longer able even to approach the preparation of remedies against the crisis, to invent, even on paper, a means of mitigating the contradictions that are rending bourgeois economy asunder. The point is not, of course, that in the summer of 1933 MacDonald became more stupid, or Roosevelt more greedy, or Hugenberg more impudent than a year ago. The point is that the tempo of the development of the crisis, and the bitterness of the struggle between the imperialists make the world bourgeoisie incapable even of playing at peaceful co-operation, economic disarmament, international solidarity.

If the Dawes Plan, despite the fact that it had been doomed to failure, still lasted several years; if the Young Plan, even though it, too, was impossible of realisation, still appeared, at first, as a "bridge" across the contradictions of Versailles, MacDonald's plan of economic disarmament in 1933 died already in the womb of the preparatory commissions, even before emerging into the light of day. And this was so, despite the fact that all the capitalist governments repeatedly proclaimed the London Conference to be a road to the salvation of humanity, while the bourgeois economists issued numerous warnings that the failure of the conference would plunge the world into chaos and anarchy.

The brief, but sufficiently infamous, history of the conference serves as a fairly good illustration of how quickly the dead march. Not a year has passed since British diplomacy had the decision adopted at the Lausanne Conference (July, 1932) to request the League of Nations to call at the opportune time and in a suitable place, a conference on financial and economic questions. The preparatory commission elected there and then, in summing up the result of the bourgeois "five-

year plan" since the first international economic conference in 1927, was compelled to note a reduction of the world's foreign trade by 50 per cent. compared with 1929, a sharp decline in the export of capital, higher custom barriers, exchange restrictions, etc. Several months passed and a second commission, the so-called "Committee of Experts" was forced to take one more step "forward"; a memorandum, issued by it, speaks of a decline of world trade not to one-half, but to one-third of the 1929 level, the complete discontinuation of the movement of capital, a race of depreciating exchanges aimed at dumping, a condition of economic war.

But even this memorandum proved to be antiquated and "exceeded" by the middle of 1933. The descriptive part was antiquated, despite all its gloomy colours, but the part containing the resolution in which the experts, in a spirit of rather faded liberalism, paint pictures of world economic recovery, of a struggle against "economic nationalism," of the restoration of the international economic and financial life, has been thrown back especially far.

How has capitalist economy developed during the first half of 1933?

Here is the answer to this question by an economist naturally inclined to be "optimistic," the editor of the "Monthly Review" published by the Midland Bank:

"Since this document" (the memorandum of the experts) "was written, the world situation which it depicted in a very brief and disturbing summary has become still more confused. A comparison of the position now with that in which the World Conference was first proposed, nearly a year ago, is even more striking. Since then commodity prices in terms of gold, and even in paper currencies like sterling, have fallen still further. Despite some alleviation of exchange and other restrictions here and there, on balance world trade has become even more difficult, and the volume of unemployment has increased. Confidence has been further undermined by more widespread default on international obligations. The United States itself, notwithstanding its large share of the world's gold stocks, has left the gold standard with no regrets and no apologies." ("Midland Bank Monthly Review," May-June, 1933.)

What changes have the remedies proposed by the experts, for the solution of the crisis, undergone?

At the beginning of 1933 the European econo-

mists tied their hopes for the success of the conference to the assumption that a degradation of the economic situation in the United States would make Washington more inclined to come to terms, and the possibility of an economic truce appeared to be real. Keynes predicted success for the conference only if its delegates "arrive dressed in rags, with heads covered with ashes, with humble and broken hearts." For this reason he expressed the wish that the conference be postponed until the summer of 1933, when, according to his fully justified expectations, despair would become general, i.e., would spread to the U.S. as well.

"Will it become clear in the middle of 1933 that the present crisis does not differ in character from the past (no matter how deep it might be) and can be overcome gradually by the action of natural forces as a result of the elasticity of our system? Or will we find ourselves—after a slight movement forward and doubtful hopes for the future—thrown back into the mire? . . . While any hope exists that the solution of the crisis will follow the first road—and this cannot be regarded as an impossibility—there is no ground to expect that the conference will go beyond an expression of general wishes. Only in the second case, when hopes will be smashed and *despair will become general*, and horrify the delegates,—only then will there be any chances of measures being taken conforming to the tasks." ("Wirtschaftsdienst," December 23rd, 1932.)

Keynes' expectations, or, would it be more true to say, hopes, that in the middle of 1933 the currency inflation would sweep the U.S. as well, and that the economic war would assume an unusually destructive character for all of its participants, have been fully justified. However, its consequences to the London Conference proved to be the very opposite to that expected by the British bourgeoisie. The delegates from Washington really came to the conference "dressed in rags," if by this is to be meant a ragged dollar, a repudiation of obligations in gold, open speculation on depreciated exchange, and without the least "regret or apology" for it. But, upon finding itself in this situation American imperialism did not in the least display a "humble and broken heart" at the London Conference, that is, any readiness to make concessions. On the contrary, the sharpening of the crisis in America brought its aggressiveness to a point which perhaps England and the entire European bourgeoisie did not expect. Precisely the London Conference finally revealed the fact that American imperialism, in the attempt to hold and broaden its weakened positions on the impoverished world market, at the expense of its rivals, is preparing

a determined strategic defensive along the entire economic and financial front. The American delegation brought to London not hypocritical peace, but a drawn sword.

The economic war in the latest stage is being waged chiefly along three channels:—

(a) The liquidation of war debts (the former "allies" and thinly veiled bankruptcy on private debts (Germany); on the side of the United States' complete discontinuation of both long-term and short-term credits and capital exports.

(b) Not only a rejection of the gold standard, but a tendency on the part of each country to "catch up and overtake" its adversaries in the depreciation of its own currency; the subsidiary weapons in this struggle are different forms of exchange restrictions, prohibition of the exportation of gold, restriction of exportation of currency, etc.

(c) A race for higher customs-tariffs and the building up of various barriers against imports; this includes also fixing of quotas and formation of allegedly defensive, but, in reality, offensive tariff unions between different countries (Ottawa).

The "economic disarmament," which the London Conference is supposed to be anxious to achieve, pre-supposes, at least, a temporary agreement on these three groups of questions. The memorandum of the experts, to which MacDonald referred at the opening of the conference (forgetting that in the house of a hanged man one must not speak of a rope), contained various (and contradictory) proposals for the regulation of these conflicts. A comparison of the experts' proposals with the actual treatment of these same questions at the conference shows how rapidly the economic war is developing, and how inevitably it must grow into an armed conflict.

Let us now consider these three groups of conflicts, having in view the struggle between the chief adversaries—the U.S. on the one hand, and Great Britain on the other.

II.—WAR DEBTS—ONE OF THE FACTORS SHARPENING THE STRUGGLE.

On the question of war debts, the Committee of Experts achieved "unanimity" by leaving it at the threshold of the conference. The U.S. did not want this question to be included on the agenda of the conference, and the experts, accordingly, declared that "the problem of international indebtedness . . . lies outside our competence." Even now, despite all encouragement both from the diehards (Balfour's articles in the continental press) and the Labour Party (the question put in Parliament by a representative of this party, winning high praise from Chamberlain),

Donald did not have the courage to smuggle question of debts into the conference. Nevertheless, the whole problem has, during the past months, undergone some very substantial changes affecting the regrouping of forces, both among creditors and the debtors.

From the point of view of the U.S.: (a) the problem of war debts is, at present, not the only, even the chief, means of financial pressure on the debtors; (b) nevertheless, Washington pays less and less inclination to make concessions of "principle" on this question, and let this powerful weapon of struggle slip out of its hands. From the point of view of the debtors: (a) the refusal to pay is a pre-determined fact, regardless whether any agreement is reached with the creditor, and the "fragmentary" June payments are merely made for America's participation in the conference; (b) the temptation to repudiate foreign loans, in other words, to go into actual bankruptcy, grows; this repudiation of payments, encouraged by Germany, displays a tendency to extend itself to other categories of foreign indebtedness, not only in the form of a transfer moratorium and interest, but with the further depreciation of the value of the payments, and the depreciation of the payments themselves.

The "moral" justification for this fashionable case of virtual bankruptcy on international law was provided by the refusal of the U.S.A. to pay its obligations in gold. Thus, if the problem of war debts has lost its predominant importance as an object of dispute, and a subject of struggle, it has not become any less an object of conflict thereby owing to the general opening of contradictions, and the tendency of a country to arbitrarily and forcibly solve the contradictions in its own interests.

Only very recently, in November, 1932, during the heat of the Anglo-American discussion on the question of war debts, the British side preferred to argue by reasons chiefly of an "ethical and humanitarian" character. Britain insisted that it was against America's own interest to receive the payments of the loans, that not only the debtors must not pay, but the creditor cannot accept. During the preparations of the programme of the London Conference, the prominent British banker and financier, Robert Brandt, was given the opportunity to develop, in the Academy of Political Science of New York, this lofty argumentation for the annulment of war debts, from the viewpoint of the interests of the whole of humanity. He, indeed, rose to exceptional heights of "disinterestedness"! Reminding the Americans, who, on this particular point, have a very weak memory of the fact that, prior to the war, England was the world's biggest creditor,

that she was followed by France and Germany (that even he, Brandt, "although he has been a banker only 20 years," can still remember that an American railroad loan was floated in Berlin), the British representative pointed out that the war has destroyed this (in his opinion) natural situation. Some countries, former creditors, have become debtors; others, former debtors, have become creditors. This has caused the crisis. The British orator thus stumbled across the fact of the growing unevenness of the development of capitalism under imperialism, and the troubles arising from this fact for bourgeois society. He strongly dislikes this fact and is anxious to eliminate it. But how? This, it appears, can be easily done: It is enough for the imperialist countries which have overtaken their rivals, to act as Christians and divide their surpluses with the "nations" that have been thrown back. What would people do under these conditions "if they were wise," asks the philanthropic banker. And he replies:

"If human beings had been all-wise, what would they then have done? They would have recognised that we all grow rich or poor together, that riches acquired out of other people's poverty are not lasting, and they would have attempted so to act as to bring up the poorer nations more nearly to the level of the richer, so that we all might march along step by step. They would have placed as few burdens of debt as possible on the poorer nations; the creditor nations would have used their surplus not in importing gold in huge quantities, not even in lending back the surplus at high rates of interest to the debtor countries but more largely at any rate, in buying goods from them. In other words, we should have tried to restore equilibrium as far as possible by buying and selling, and not by lending and borrowing. *France would have gladly seen Germany recover and the United States Congress would have cancelled war debts by acclamation.*" (Works of the Academy of Political Science, January, 1933, page 34.)

In case, however, these purely moral considerations prove to be unconvincing to the creditor, the British representatives resorted to arguments of a baser, more material kind, taking into consideration America's own interest in this case as well. Even as late as the beginning of 1933, none but the Chancellor of the Exchequer of Great Britain, Neville Chamberlain, issued—even over the head of Washington—fiery calls to the American taxpayer, urging him, in the name of his own salvation, to refuse to accept the war debt payments. Why? Because, you see, these payments can be made either by gold or by

imports, both of which are only liable to harm America, to increase her own stocks of goods, or her gold reserve, which oppress the average American as it is. Had the provincial American appreciated this simple truth, the debts problem, in the opinion of Chamberlain, would have been solved in no time. Unfortunately, this is not so. The conscientious British debtor, who is prepared to sacredly fulfil his obligations asks the Americans: "What do you want of us? Our goods, or our gold?" To this the moneylender, who does not want to accept goods because it would undermine his industry, and fears to accept gold because he suffers from an over-abundance of gold as it is, rudely replies: "We don't want either, we want your money." Now Chamberlain attempts to explain to this narrow-minded upstart that it is impossible to pay foreign debts simply in money.

The receipt of payments in goods, Goodenough, a director of one of England's five biggest banks, warned America in January, would require a resolute reduction of custom tariffs, perhaps to the level of free trade. America must herself decide whether she can, whether she wishes to go through this revolution in her entire economic life. This will require a most serious adjustment both on the part of capital and labour, and the process of this adjustment would involve a long period of unemployment and terrible losses.

Finally, the last British argument in favour of American rejection of war debts by England and the other countries is that world trade cannot possibly recover unless the war debts are annulled and the U.S. cannot hope to extricate itself from the growing crisis without pulling along as a matter of "international solidarity" all the other countries — "civilised" countries alone being implied, of course.

All of these arguments, sufficiently hypocritical and false in their day, prove to be music of the past at the time of the opening of the London Conference. And of what a remote past!

The shares of "international solidarity," despite the general rise of securities, have never been quoted so low in New York, and therefore in Washington, as at the present time. It is questionable whether they will be allowed to be quoted at all. Only two or three months ago joint declarations by Roosevelt and the particular European guest whose turn it was, emanated from Washington containing vague hints of "agreements." The bourgeois press deciphered these hints to mean that an agreement on war debts, while it will not be discussed at the conference, will, on the whole, be regulated before the conference. We consider it of importance, declared the experts, for the question of war debts to be

regulated; this regulation will save the world from further alarm caused by the fatal influence of payments upon the economic, financial and exchange stability. The debts problem, remaining like the shadow of Hamlet's father, behind the scenes of the conference, was like that same shadow to have played a decisive rôle at the London show. In reality, however, things turned out to be quite different.

Just before the conference convened, Prof. Moley, the head of the Brain Trust, who had been sent by Washington to fortify the American delegation, which became entangled in its own contradictory statements, made a speech, in which he justified theoretically America's selfish policy at the conference, particularly on the question of debts.

Should the World Conference, he said, attempt to find a remedy for these difficulties in international measures alone, it will inevitably fail. These remedies lie in a decisive measure within ourselves. *Every country must put its own house in order.* A conference of representatives of all nations will be useful only in the matter of certain co-ordination of these national measures.

But, upon taking up this standpoint, the U.S. had no reason to let the lever by which it pressed upon the debtors out of its hands—in the interest of its "own house" and completely ignoring any international recipes.

This also effectively eliminated all the reasons, real or imaginary, for America refusing to accept payment in gold. The economic and financial crisis has reached a point where no super-abundance of gold could safeguard America against the necessity of placing an embargo on gold, and going off the gold standard. Under these conditions the United States is by no means inclined to miss the least opportunity to strengthen its gold power and weaken the manoeuvring abilities and the stability of the banks of issue of its rival. Will the United States refuse to accept gold from Paris, upon which the "independence" of the French finances is ultimately founded, or its own gold, which deserted at the time of the banking crash and found a hospitable refuge in the vaults of the British banks? The "insolubility" of the war debt problem lies not in the fact that the creditor does not want and cannot receive gold, but in that the debtors do not want or cannot pay it. England paid her December instalment, the last full payment, in gold ingots, in order to demonstrate to the American petty-bourgeoisie, the allegedly chief opponent of cancellation of war debts, that she had no other means of payment except to spend her last remnants of gold. This dramatic gesture cost the British treasury an extra 3.5 million dollars, which it could have

had it paid, not in gold, but in American securities. The situation to-day is quite different. In making the part-payment in June, in order to meet the demands of Congress, and took pains to pay by the cheapest means possible and profit by the silver quotations. At the present time the "appeal to reason" is not worth an extra shilling. Neither England nor Canada are in a sentimental mood now.

While not rejecting payments in gold, the U.S. is eager by all means payments made in silver, paying silver at a much higher rate than its current quotations. The reasons which cause the American administration to take such a sharp turn in its attitude towards silver and bi-metallism can only be explained in detail by Pitman, Vice-chairman of the American delegation, who was sent to the Senate by the owners of the silver mines and silver speculators generally.

Generally, it is ridiculous to frighten the U.S. by threats in goods, despite the fact that the maintenance of high commodity prices constitutes the plank of Roosevelt's programme. While being even more merciless than before against the penetration of its market by European commodities, the American bourgeoisie has turned against the export by European debtors of products of their manufacturing industries to the colonies and dependencies which American goods cannot reach, provided these "backward" countries send their raw materials, not to Europe, but to the U.S. in payment of Europe's war debt. More resolutely than before, America will insist to the European debtors balancing up their accounts with her by a direct barter or by credits; will insist even more vigorously upon attracting to these payments the countries which produce raw materials (why not rubber, for instance?) upon payment of European debts in the form of triangular and quadrangular operations," which will at once broaden America's possibilities of participation in the robbery of other countries' resources.

As for the liquidation of international debts, the Committee of Experts regarded as a necessary preliminary to the success of the conference is now further from its realisation than was a year ago.

When more essential, from the point of view of sharpening of the economic war, are the changes in the position of the two camps on the question of a return to the gold standard and liquidation of the currencies.

CRASH OF THE GOLD DOLLAR—"MOST RELIABLE SUPPORT OF THE WHOLE WORLD."

The rejection of the gold standard, and the liquidation of the depreciated exchange for an

increase of the competing powers of the country in foreign markets have until recently served as one of the favourite weapons in the economic struggle in the hands of Britain against the U.S. Only thanks to the exchange dumping and the complex system of tariff barriers did Britain bear up under the blows of the crisis in 1932 more manfully than the countries "protected by gold armour." She increased her share of the world trade chiefly at the expense of the U.S., which, throughout 1932 lost position on the world market both absolutely and relatively (compared with the chief imperialist countries). On the basis of a "regulated" pound, England was able to build up an economic threat against the U.S. on the scale of her entire empire. But her offensive plans did not end there. Seeking to utilise the growing struggle between the "paper" nations and the "gold" nations, that is, primarily the U.S., Britain dreamed of creating a "sterling alliance" of countries whose exchanges, having gone off gold and remained without a steering wheel, were able to gravitate only towards the pound. Thus the depreciated exchanges both in the British Empire itself, and in the countries under her financial influence, served, until recently, as the spearhead which England directed against the U.S.

In the Committee of Experts, and in the subsequent diplomatic struggle between the American and British Governments, the viewpoints of the two adversaries were fundamentally as follows: Washington agreed to a revision of the war debts, provided Britain returned or promised shortly to return to the gold standard; London replied that such bargaining was "humiliating" to it, especially since America's price was too high. England agreed "in principle" to return to the gold standard, under the condition, however, that America will not only cut down the war debts, but will also reduce the protective tariffs and open its market to British goods. The "Morning Post" expressed this official view of the British Government in biblical terms, stating that England will never sell its birthright for a mess of pottage.

Things continued thus until the first week in March, 1933. The change came quite suddenly. The United States took away England's birthright, that is, the possibility of speculating on depreciated exchange, without even giving her a mess of pottage in exchange. Until the very last minute, that is, until MacDonald's boarding the ship on his way to America to negotiate with Roosevelt, the British bourgeoisie was certain that American imperialism would give battle on its old positions: a return to the gold standard, a fight against an inflation, prohibition of specula-

tion in the national exchange. It was the Americans who particularly upheld this view in the Committee of Experts and put it down in black and white in the "memorandum." This memorandum says that there is no other international standard capable of enjoying world recognition except the free gold standard; in the centre of its financial and exchange proposals the memorandum placed the return to the gold standard; for the same motives it prescribed to those countries which had gone off the gold standard immediately to discontinue, even before the establishment of a new parity, the daily fluctuation of exchange caused by speculation. In all of these statements and documents, the American statesmen insisted that upon England's return to the gold standard depends the restoration of the international credit and monetary turnover and normal world trade.

England accordingly worked out her plan of campaign, building up the following front against America: depreciation of the pound, exchange dumping and a threat of further inflation. Only while already on the open sea was MacDonald appraised of the fact that the British plan of campaign had failed, since the U.S., under cover of diplomatic bargaining, had turned the British front from both flanks and, depreciating the dollar, itself engaged in inflation.

Of course, the crash of the dollar was not due to an excess of power, or the desire to enter a competition with the British inflationists. Only under the pressure of the growing economic depression, complicated by the financial crash, did American imperialism decide to make the very serious sacrifices which the rejection of the demand of gold payments involves for the world's biggest creditor, and to take the desperate risk which inflation constitutes under conditions of a contracting home market and in the absence, at least, in the near future, of any prospects for an extension of the foreign trade; if we disregard the possibility of the "development" of such a broad and brisk market as *war*. Not later than the end of 1932, Thomas Lamont, the second man in influence and brains on the New York Exchange, standing next only to Morgan himself, concluded his report at the Academy of Political Science by explaining that America will never reject the gold standard.

"Remember this, my friends: among all the alarms and excursions of the last twelve months we have never been near the point of abandoning the gold standard. No difficulties arising abroad, no external pressure, can or will drive us from that standard. Only the folly of rank inflation at home could endanger it. A democratic administration, just like the steadfast

Republican one before it, will continue to uphold the complete integrity of it. Make no mistake: in a dark, troublous world America and the American dollar are, as to material factors, the safest things in all the world to turn to." (Ibid., page 110.)

But if the official representative of the American exchange swore everlasting and unwavering fidelity to the gold standard in abstract form fully three months before its collapse, Bernard Baruch, the head of the American bankers and the originator of President Roosevelt's financial ideas, vouchsafed in the Senate Committee one month before the inflation, that the Government would not adopt this fatal course.

"If I did not know that there was nothing but destruction to be derived from the project of inflation," he said, "I would be the first to advocate its trial. But I am as certain as that we are sitting here that the path proposed is the road to ruin." ("N.Y. Times," February 14th, 1933.)

But the American bourgeoisie was forced to desert the "safest bulwark of the whole world," the gold dollar, and take up the policy of inflation which is a "road to death." They did this because, after the banking crash, they had no other means to start the wheel of production turning, at least temporarily, and broadening the safety valve into the world market.

IV.—"MANNING THE PUMP" AND THE BOOM IN THE UNITED STATES.

These desperate efforts which the American bourgeoisie is now making to stir up the frozen economic life are called by its theoretician "pumping." In the course of the present crisis attempts to overcome the stagnation by means of artificial extension of credit, subsidies and various other sops and privileges to the industrialist, assuring them of cheap labour-power, have been made more than once and not in America alone. In the summer of last year the system was variously applied in the U.S. (a credit inflation), Germany (subsidies and liquidation of collective agreements), England ("economies" and depreciation of the sterling). The results of these experiments are well known. After a more or less short-lived revival, an intensification of the crisis followed throughout the world. It must be said, however, that this "pumping" which is now practised in the U.S. exceeds in resources and probable duration everything attempted anywhere in the past for this purpose.

Nevertheless, neither the theoreticians nor those charged with the practical operation of the "pumping" have the courage to state that they are convinced of the favourable outcome of the

ments. Preparing a loophole in case of the coming too soon, Roosevelt, in submitting Medical Bills, always emphasises their temporary, experimental character. He always says that should they prove to be impracticable he would be the first to raise the question of their abolition.

The theoreticians of inflation are even outspoken with regard to these doubts:

"In turning to the records of past depressions, there could be found no case sufficiently analogous to give us a basis for a confident judgment as to what should be done. The records of the past, however, seem to establish our presumption that the pressure of excess reserves on the money market at the proper time injected new life into the situation. Now continued continuously during the past year the question has been considered as to whether an injection of credit in quantities sufficient to exert a strong pressure of excess reserves would accomplish the desired end. No one could possibly know when was the proper time, or how much pressure was required, but we had reached a point where vigorous measures were needed for, and the purchase of government securities in large amounts by the reserve banks seemed to be the only sound method that had some promise of being effective. Outpouring gold gave added reason for such action." (Minutes of the Academy, Chandler, Federal Reserve Policy," page 9.)

In this way the American economists justify the dumping of credits by means of which the Federal administration last summer and autumn sought about a temporary rise of the industrial prices and stocks. It will be remembered that this rise was followed by a sharp drop of these three groups of prices, which sank in 1933, to a lower level than ever before (with the exception of stock exchange quotations). The present "pumping" differs from last year's only in its exceptional scale but also in that the credit inflation this time is based upon and weaves with a money inflation, which is intended to forestall a repetition of the banking crisis should the credits pumped into the banks not find an application in industry; (b) this operation based upon the fall of the dollar, calculated on an exchange dumping, is part of a general offensive of American imperialism on the world market.

However, in the history of capitalism, has the country with the greatest gold reserves armed itself so resolutely for an inflationist offensive against the world market as the U.S. has done at present. The chief weapons in this offensive are the reduction of the value of the dollar, an arti-

ficial stimulation of prices, offensive customs tariffs, unlimited freedom of capitalist monopolies in order to reduce production and boost prices, various forms of dumping and finally a reduction of the cost of industrial and agricultural production by means of the greatest exploitation of the working class and ruined farmers.

In order to leave his hands free to carry out this policy on the one hand, and exert a "psychological" effect upon the market by the demonstration of the powerful instruments at the disposal of inflation on the other, Congress, just before the summer vacation, hastily granted the President the following additional powers:—

1. The right to broaden the credit inflation at home by having the federal reserve banks buy up *three billion dollars* worth of state bonds. The sense of this operation is that, as a result of it, the banking system (the so-called members of the Federal System) by selling to the twelve Federal Reserve Banks the state bonds held by them will be forced to look for an opportunity to invest their capital in *commercial loans*. Supplementary purchases of state bonds on the "free market" by the Federal Reserve Banks will thus cause the banks to offer additional credit which, according to the calculation of the advocates of this operation, exceeds about ten times the value of the state bonds purchased. This artificial pumping of credit was an invariable accompaniment of all the stock exchange "booms" of the last years, and after the crash that followed, they were regarded as its cause. At the present time the Federal Reserve Banks have on their hands 1.8 billion dollars worth of state bonds as a heritage of the credit inflation of last year. The Government was then forced to stop this pumping, since the refusal of industry to take the credits, which were unnecessary to it, created a threat to the gold standard and hastened the banking crash. At the present time the limit of the credit inflation created by the gold standard has already been washed away. On the contrary the credit and monetary inflation "maintain" and spur on each other. The interlocking of these two forms of inflation results in the only control over this credit and monetary speculation consisting in the "wisdom" and "reserve" of the Treasury itself, that is, of those very elements which are progressively diminishing with the growth of the inflation. To appreciate the scale of the credit and monetary speculation presupposed by this law, it is sufficient to state that the credit inflation, which caused the boom of 1928 and crash of 1929, was based upon the purchase by the Federal Reserve System of state bonds to the value of only 700 million dollars, or less than a quarter of the additional three billion which the Federal

Reserve Banks have been ordered by Roosevelt to buy.

2. The President has been given the power to redeem three billion dollars worth of Treasury notes. The largest amount of these notes was issued during the Civil War and amounted to 450 million dollars. Designed to play the rôle of legal tender in the payment of Government and public obligations, these notes, while the dollar falls and has no exchange value, must inevitably begin to function in circulation as well as unexchangeable paper money. Such a form of monetary inflation could not have been decided upon by the U.S. on such a scale had the Government intended to return to the former gold standard.

3. The power to devalue the dollar. The limit to this devaluation as given in the law is 50 per cent. of its former gold value. In 1914 the U.S. maintained the dollar parity while the rest of the world rejected the gold standard. In 1933, after considerably increasing its gold reserves as compared with the pre-war period and becoming converted from a debtor nation to a creditor nation with every country on its list of debtors, the U.S. not only goes off the gold standard but drives every other country still adhering to it off gold. What the great imperialist war failed to do, the present crisis, the bitter economic war and the preparation for a new imperialist war accomplished.

4. The power of unlimited and free minting of silver coins in a fixed ratio to gold. As part of this programme the U.S. permits the debtors to make their payment in gold up to the sum of one hundred million dollars at the rate of fifty cents, while the market price of gold is only 35 cents. On its way to bi-metallism, the U.S. itself reduces the gold value of its foreign investments.

V.—THE "LEAP-FROG" OF CURRENCY AND AGGRESSION IN THE UNITED STATES.

A large section of the American economists, especially those not associated with the Brain Trust, is sounding the alarm. They warn the Government that the present policy inevitably leads to uncontrolled inflation:

"Should any of the powers granted to the President be utilised by him in full," says the "Economic Bulletin" of the Chase National Bank (May, 1933, page 4), "there will be such a wild and uncontrolled flight from the dollar, such a wild and uncontrolled speculative boom, that the subsequent calamity will exceed anything we have had in the past."

Even the big economic press of the U.S., reflecting the alarm of the general public, speaks of the gloomy surprises with which the present

policy is fraught and implores the Government to be more cautious. The "Annalist," which in the past has always loyally helped the bourgeoisie to carry out its plans of duping the public, criticises the Government, charging that in order to maintain the present impression of steadily rising prices it permits the dollar to depreciate more and more.

"As previous inflationary movements, such as the post-war experiences of France and Germany, pass further and further into history, we forget . . . the bitter struggles into which the people of those countries were drawn. We forget the heroic but vain attempts to turn the tide against inflation." ("Annalist, June 2nd)

But this press attempts to make the situation appear brighter by maintaining that the inflation was merely an occasional blunder, that it is not the basis of the entire "recovery," that the rise of prices is possible without it, and that the government will come to its senses as soon as it realises this.

But the experience of the past few weeks shows that the government cannot help floating with the current of inflation. Experience has shown that it not only cannot stop the inflation, but that any hint at the possibility of checking its growth immediately causes a fall of prices, and begins to destroy the entire "prosperity" built upon sand. It is not difficult to understand the causes of inflation for (1) commodity prices, expressed in gold, despite their sometimes rather considerable rise in paper dollars, continue to decline on the whole; (2) the recovery, so far, is limited to those industries which produce the means of consumption and in respect of these commodities the purchasing powers of the consumers has not yet been demonstrated since the entire "recovery" is so far confined to wholesale business. Even the growth of consumption of cotton, which plays a decisive rôle in the rise of the combined index, has not yet been "justified" by the real demand, as the turnover of the department stores, which represents an indication of the general condition of retail trade has not increased, but decreased by 6.7 per cent. compared with last year. True, in the present "boom," as distinct from that of the summer of 1932, the steel industry is also participating and has raised production to 40 per cent. of capacity, according to official reports. But in order to estimate this boom, it is necessary to remember that (a) during the first three months of 1933 production of iron and steel dropped to the lowest level in history; (b) the automobile industry, the growth of which causes an increase of production of steel, only slightly increased its output compared with the same months of last year, the year of the greatest stagnation; and (c) the building industry—and this is of decisive

importance—is experiencing a worse depression than it did last year (the daily average of building contracts in 1932 amounted to 5.8 million dollars, compared with only three million dollars in May, 1933). This means that the recovery of the steel industry cannot be either lasting or stable. A reduction of building operations and the absence of an improvement in the machine-building industry find a reflection also in the absence of any improvement in the field of carloadings. It will be sufficient therefore, even for the shortest period, to stop propping up the “prosperity” by a growing inflation to reveal its artificial character. It is for this reason that Roosevelt’s Government has no other recourse than to continue “pumping” and inflating on an ever-increasing scale.

Senator Wagner, the official interpreter of the financial plans of the Government, stated in the Senate during the discussion of the Recovery Bill the following:

“We have a slight improvement, but if we do nothing to speed up recovery, we shall not only lose the achieved successes but will *again be plunged into such chaos, the consequence of which will be too alarming to speak of.*”

That is why the Roosevelt administration cannot offer any international promises that will tie its hands in the inflation and dumping of exchange. Indeed, during the conference itself, the appetites of the American delegation grew tremendously. Upon boarding the ship, the American delegation informed the whole world over the radio that there were differences within it on the question of the parity of the dollar. One of the experts, Walter Gardner, supported a 1:3.50 ratio between the pound and the dollar; other members of the delegation believed that this proposal was too favourable to Britain and were inclined to make the pound equal to four dollars (“N.Y. Times,” June 8th). Then the conference of American, British and French bankers agreed for a temporary ratio between the dollar and the pound at the rate of 4.05 dollars to the pound. Even the preliminary report of disagreement checked the fall of the dollar, and caused a depression on the stock market and a fall of commodity prices. Engaged in “pumping,” Wall Street started the rumour that Washington would insist upon a more favourable ratio between the pound and the dollar, namely, 1:4.25. But the appetites outgrew even these increases. On June 22nd, the American delegation published a statement declaring that the United States was generally unprepared to participate in negotiations for any temporary stabilisation of the exchanges.

But since, on the one hand, Europe raised a noise over the fact that Washington, by its declaration, was putting an end to the whole

conference and was responsible for the economic war, and on the other hand the U.S. itself was interested in protracting the London talks in order to enable the dollar to catch up by a couple of leaps with the pound in its depreciation; Roosevelt, to satisfy Europe and gain time, sent his personal emissary, Professor Moley, to London. Britain, who was dreaming of finding herself at the conference at the head of the paper pound union, was manoeuvred into the “gold bloc” and, together with the “gold nations,” sent a declaration to America. This declaration did not contain any indication establishing any definite ratio between the dollar and the pound, but limited itself to the pious wish that “a limit be put to the impermissible speculation in exchange so as to restrict the fluency of the exchanges.” But here it appeared that dear as the prestige of his closest adviser, Moley, is to the heart of President Roosevelt, inflation was still dearer. The agreement given by the American delegation, this time under the leadership of the chairman of the “Brain Trust,” was again disavowed. The Washington pythoness, Roosevelt, finally opined that he would regard it as a disaster were the great conference of nations to allow its attention to be distracted by the proposal of a purely financial and temporary experiment effecting the changes of only a few countries.

Making a prognosis upon the future work of the conference, the “New York Herald-Tribune” wrote:

What can the U.S. propose to the conference? Besides, what can the chairman of the Federal Reserve Bank, Harrison, propose concerning a temporary stabilisation of exchange . . . the American delegation is authorised to convey to Europe a cordial invitation to rise up and watch the smoke of President Roosevelt’s pipe.” (June 12th.)

But Harrison has already left Washington, and Moley, who replaced him, has already failed. As a result of all this the question of a temporary restoration of stable exchanges not only has been removed by the American delegation from the agenda, but its very discussion has been proclaimed to be a “disaster.” To “watch the smoke of President Roosevelt’s pipe” is therefore the only proposal which the American delegation brought to Europe in 1933.

The policy of inflation and artificial boosting of prices pursued by President Roosevelt testifies not to the beginning of recovery, but to desperate attempts on the part of the bourgeois to do anything to put an end to inactivity. The demonstratively negative attitude of American imperialism towards the London Conference reflects not a strengthening of its international positions, and

even the less so any intention to isolate itself within its shell, but on the contrary, a bitter struggle for its shaken positions on the world market to find a way out of the crisis at the expense of competitors.

Thus the dollar is developing from the safest bulwark upon which the world rests, as Lamont maintained a few months ago, into a factor strengthening the anarchy on the international market, forcing the downfall of the exchanges and speeding up the collapse of the world monetary system. America, which at the Geneva Conference of 1927 boasted the rôle of the saviour of Europe, bulwark of stabilisation and incarnation of peacefulness, now acts in London as a factor speeding up the decay of the capitalist system, aggravating the anarchy and forcing an approach of the economic war.

It is not surprising, therefore, that not only the anti-American press, but even such a banking journal as the "Statist," which, at one time, curried favour with the Federal Reserve system, and on the eve of the banking crash in the U.S. urged British public opinion to display the greatest moderation in its demands for a revision of the war debts; is now showering reproaches and accusations upon the U.S., charging it with the responsibility of the future catastrophe.

"The inflation in the U.S. is spreading to the whole of the surrounding world, in the form of a depreciation of the dollar. If only the world economy was stable and were limited to this alone. But the trouble is that the world financial situation is now marked, not by stability of exchanges but by almost irresistible temptations for each country to depreciate its exchange on the world market in order to gain an advantage over the rivals. It is therefore clear that a serious rise of prices in the U.S. will arouse in the rest of the world, for the purpose of raising prices, a general intensive decline of exchanges and of inflation. It is hardly possible to doubt the final result of this along the ascending spiral of prices, which will replace the present descending spiral, although the first effect of this rise may be perhaps a pleasant sensation. That prices must rise in order to emerge from the depression only a few economists will doubt now. *But they will doubt even less that the inflation which has come down from the blue and which has charmed the hearts of the Americans will end in a disaster even worse than the one which they are seeking to avoid.*" ("Statist," June 3rd, 1933.)

The diplomatic struggle at the London Conference was waged not to simulate this or that programme of peace, but to find the country guilty of the war. Each of the participants was con-

cerned, not with simulating a readiness to prevent the general catastrophe, but with securing such a distribution of the forces which will enable it to extricate itself from the abyss of the crisis, thanks to a catastrophe in the camp of the adversaries.

The economic war, which is assuming an ever more bitter and destructive character is clearly exhibiting the inevitability of its development into a war conflict and military clash.

VI.—THE CUSTOMS "TRUCE" IN WASHINGTON AND STRENGTHENING OF THE TARIFF WAR.

On the third fundamental question of the agenda—the lowering of the tariff barriers—the conference already possessed some experience, as a result of the customs truce initiated several months ago at Washington. It is not difficult to appreciate why Roosevelt presented his guests in the spring with a customs truce, before the conference. Preparing for a depreciation of the currency, Washington was interested in preventing the possibility of the introduction of protective tariffs in Europe against America's exchange dumping. For only recently, a few weeks prior to the rejection of the gold standard, the U.S. came forward with the proposal to establish in the interest of "justice" higher differential tariffs against those countries which, owing to their inflation, "hurdled the wall" of the existing tariffs on the world market. America, however, has not had an opportunity to put this system into practice, for the simple reason that the differential tariffs were to be directed primarily against the land of the depreciated dollar.

England, in turn, agreed to a tariff truce in Washington because it did not affect the point of greatest importance to her, the system of tariffs established at the Ottawa Conference. The same could be said of the other participants in the truce: each sought to utilise the agreement to strengthen his own positions at the coming conference, and as a cover for the strengthening of the tariff war.

A tariff agreement of the London Conference that would not provide for any change in the rejection of prohibitive tariffs against the U.S. in the matter of wheat and other farm products hardly deserves much attention in the U.S. Yet MacDonald recently delivered a speech in which he laid special emphasis upon the favourable results achieved by the Ottawa Agreement, wrote the American "Financial Chronicle."

The journal further quoted figures showing how, under the cover of the truce, Britain had driven American wheat out of its market. During the first four months of 1930 the Canadian export of wheat to Australia and England amounted to

12 million quintals, and in 1933 to 20 million quintals. The figures for the U.S. were five million quintals for 1930, and 5,000 quintals for 1933.

But the sad fate of American wheat represents a portent for the whole of America's policy of high prices unless supported by prohibitive tariffs. "The attempt of the Farm Board to raise wheat prices failed miserably because foreigners refused to buy in a country where prices were above the world level." ("Annalist," June 2nd.)

In 1932 the U.S. lost a billion dollars on the decline of its export of agricultural products alone compared with 1929 (agriculture losing 525 million dollars and industry producing agricultural produce for export losing the rest of the sum). The American object in lowering tariffs was to bring this billion back into its annual payment balance.

Britain, not only has not rejected the Ottawa decisions, but through the mouth of MacDonald has declared that the experiments and methods of the Ottawa Conference could be widely applied in an international conference. These experiments and methods, according to the explanation of the British economists, consist in that the creditor nation has not only the right to demand payment from the debtors, but the duty to open up their markets for their goods in order to cover these payments. In other words, in insisting upon the observation of the Ottawa Agreement, the British bourgeoisie insist that the payment of any part of her debt to America is impossible without a lowering of the American tariffs. What then did the American legation figure on at the London Conference in proposing a horizontal reduction of all tariffs by 10 per cent.?

Only that this proposal will not be accepted.

Bernard Baruch, whom we have already quoted, and who succeeded in so dexterously cheating the depositors on the eve of the banking crash by assuring them that Roosevelt would not allow an inflation, and who finally acted, according to the "N.Y. Times," as the prompter of the American delegation at the conference, describes the influence which the Industrial Recovery Bill will have upon the customs policy of the U.S.A. as follows:

"This process is certain to raise American costs above world costs, and to require *additional protection* against importations. Coupled with the further effect of the Farm Bill, all this struggle suggests inconsistency in domestic policy with any plan to lower tariffs in the World Economic Conference." ("Economist," June 3rd, 1933.)

* * *

We have seen above why the present moment does not suit the U.S. for the conclusion of international agreements. The economic war is entering a new, more determined phase. The U.S. is completing the preparations for its strategic offensive. The hidden but central idea of the whole Recovery Bill is that the industries mobilised by it will be able to work for a new market created and expanded by the preparations for war, and by war. The other imperialist countries are, in turn, feverishly preparing for a destructive economic war. But the antagonisms which, under the influence of the growing crisis of capitalism have reached an unheard-of degree of intensity cannot be mitigated by economic methods alone, of course.

The economic war will develop to a point where it will approach more and more an armed struggle for the redivision of the world.

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JAPANESE IMPERIALISM AND WAR

By SEN KATAYAMA

WHY did the imperialist Powers of the world allow Japan to do what she has done in the past, and is doing at present? This is the crucial point in the whole situation to be studied carefully, to correctly estimate the position of Japanese imperialism in relation to the coming war.

What are the fundamental problems of the Far East? Among them are the division of China, the ever-sharpening clash of interests of the imperialist Powers in the conditions of the deepening crisis of the capitalist countries, the fight between the dollar and the pound, the rising tide of the revolutionary movement in the capitalist and colonial countries. Above all, the constant and firm growth and development of the Soviet Union, which is taking place at unprecedentedly rapid speed, on the basis of her second Five-Year Plan and peaceful policy, is now attracting the attention of the whole world. The peaceful policy of the Soviet Union has already scored a diplomatic and economic victory at the London Economic Conference. The direct contrast of the two worlds—capitalist and Communist—grows hourly, in so far as they move along two distinct paths—one down to inevitable destruction, the other up to the classless society. The world proletariat is fast realising the fact that the Soviet Union has already succeeded in laying the firm foundation of the socialist society; that she has no unemployment and that the living conditions of the working class improve daily.

In addition, the temporary victory and establishment of the fascist dictatorship of Hitler in Germany has rendered the international contradictions between the capitalist Powers still sharper and more acute. At the present time, the forces of reaction seem to be dominating the entire world. At the same time, intervention against the Soviet Union is more threatening than ever before. Although the imperialist Powers are in deadly conflict with each other, on the basis of the contradictions among them, they are united when it comes to military intervention against the Soviet Union.

Japan will play a chief part in this whole world situation in the coming war. Therefore, it is absolutely necessary and extremely important to analyse the conditions of Japanese imperialism, especially its *internal conditions* and *war preparedness*. We shall try to give a picture here of the actual situation in the country at the present moment.

In the first place, it should be noted that the present situation of Japan can only be understood if we remember that the imperialist Powers allow Japan to conduct the foulest banditry in North China, as part of the preparations for armed intervention in the

Soviet Union. If we approach to an estimate of the situation from this point of view, we can understand why Japan is permitted to develop its activity in China and conclude a truce with Chang Kai-Shek, the ruler of Nanking, under the pressure and with the aid of the British Minister in China.

The truce between Japan and China sets the hands of the Nanking Government absolutely free for a struggle against the Chinese Soviets, and the revolutionary movement throughout China, with the support of Japanese imperialism. In turn, Japanese imperialism gets a breathing space for more determined preparations for the coming war. We shall see whether such an estimate of the situation is correct by an examination of the actual conditions of Japanese imperialism and its internal situation. We shall prove below that the truce signed between Japan and China increases the danger of interventionist war against the Soviet Union.

As for the military preparations of Japanese imperialism, we must first of all give an idea here of the plan of general national mobilisation, which is known to the public. The army's pet, Araki, the War Minister, stated at a meeting of the fascist organisation Kykonchi last April in Osaka before 700 selected people—officials, capitalists, educationalists, army officers, administrative heads of cities, towns and villages, chairmen of ex-soldiers' organisations and youth organisations—that "the public has been discussing various aspects of the problems in connection with the Manchurian and Shanghai events. The actual facts do not permit any optimism. In the first place, we cannot allow Manchuria to relapse into anarchy again. Therefore, should anyone threaten the internal structure of Manchuria and Mongolia, we must fearlessly stand in her defence. If the League of Nations contemplates interference, we must put a question: 'Does the League tend to upset the peace and quiet of the world?' Enough of such things! If the nine-Power Pact or the Non-Aggression Pact stands in our path, we must not pay them any attention. There is, moreover, Russia. Russia has sent four army divisions to the northern border of Manchuria with supplies, tanks and aeroplanes. We shall defend our national existence and accept the responsibility for maintaining peace in the Far East. Japan will be in an extraordinary situation for the next two or three years. Therefore we must have firm determination and will."

Here everything is said quite frankly. "If anyone creates disorder in Manchuria, we shall fearlessly stand in her defence" and fight to a finish. This means simply the decision to keep Manchuria for

ever, as a complete colony of Japan. Further, he says that there is Russia, and that there will be two or three years of an "extraordinary situation." In order to maintain peace in Manchuria, Japan will not fear to fight. "War against America or against the Soviet Union is inevitable. The general national mobilisation is no longer a problem for study, but a problem which has become a reality." These ideas are expressed by the economist in the Japanese Year Book, published May, 1933.

The national mobilisation law was promulgated in 1918. This law consists of twenty-two chapters of greatest detail. During recent years, this law has been operated by the police force, by the Army and Navy Departments. One of the basic aims of this law was to eliminate every possibility of the broad masses of workers and peasants expressing their will by protests and revolts against the Government. The Japanese Press deals from time to time with the partial mobilisations of police and gendarmes under this law at various points locally and provincially. Thus, up to 10,000 police are mobilised at a few points for putting down workers' disorder.

The Government has a ready-made plan of work for Japanese industry in case of mobilisation, and special provisions are made for calling up women and girls to take places in industry and thus release the men to enter the army. As we know, there are more women than men among the factory workers (in 1930 there were 46.9 per cent. men and 53.1 per cent. women).

The mobilisation of industry, and the workers occupied in it, is the most important question of the day. In Japan, all the defensive branches of industry, the arsenals, shipyards and other enterprises needed for war, are a Government monopoly. Other shipyards and factories which are private property can be mobilised as needed and converted into defensive enterprises. In 1931 the Government had thirty-four enterprises with 72,048 workers. There are thirty-nine aeroplane factories with 7,000 workers, 199 automobile factories with 6,980 workers, 41 explosive plants with 6,549 workers. All the railroads, highways and ports are built, above all, with an eye to their utilisation for military purposes. In the metal industry, the most important for military purposes, concentration is carried to the greatest degree, which makes it possible to switch over to war production without special difficulty.

In the history of the Japanese workers' movement, the workers of the Government plants were the first to join this movement and organise trade unions after the war between Japan and China in 1894-95. These groups of workers received higher wages and had better conditions of labour compared with the workers in privately owned plants, as they first became highly skilled under the tuition of foreign

workers and instructors in the service of the Government. In addition, the best workers were sent with the engineers to European countries when the Government ordered big machines, or warships. When they returned to their native land, they were appointed as instructors. Thus a strata of the labour aristocracy was formed. Naturally, the workers thus advanced became conservative and became the oppressors of their previous comrades in the workshops. But, at the first period of the labour movement, many big strikes took place, particularly in the Government plants. For example, there was the strike in the shipyards at Kure or the Yokosuka navy yard and the Government arsenal in Tokyo. These strikes were led by the workers there who came from the old artisan class of feudal times.

After the rice riots of 1918, the workers, on the whole, became class-conscious, and began to form their own trade unions. In the Government plants there were formed special federations in different branches such as the Navy Yards and the Navy Workers' Federation and the Government Arsenal Workers, the Postal and Communication Department Workers. All these organisations became the mainstay of conservatism in the labour movement.

Later they formed a powerful right-wing of the workers' movement and played the rôle of social-fascists, supporting imperialist war. Four federations of the workers of Government factories, namely, railways, telegraph, military and naval plants, have 55,600 members of a total of 474,000 Government employees, or about 11 per cent. All these organisations are extremely conservative and close their doors to the workers of left views.

The Government factories were formed to a considerable extent for military reasons and were of a monopolist character from the very start. At the present time, all these factories are being reorganised with the aim of adapting them better to war needs. Some months ago, in the town of Osaka, there was a meeting of the council of general national mobilisation. Of course, private undertakings take part compulsorily.

In general, Japanese capitalism has developed with the help of militarism. This is confirmed by the entire history of Japanese wars. At the present time, Japanese capitalism is firmly in the hands of the militarist cliques.

In order to assist in carrying out the military tasks which this clique set themselves, they carry on ultra-chauvinist agitation among the working masses. They publish numerous chauvinist books and pamphlets, and distribute them among the workers and peasants. Among these is a very widely distributed book under the title "Rikugun Tokohon" ("The Army Reader"), a selection intended to

instruct in chauvinism and respect for the Mikado, to stimulate the readers to serve him faithfully, and even die joyfully for him at the front. This popular form of book has a laudatory preface by the War Minister Araki, and the late governor of Korea, General Ugaki. It is in reality a popular introduction to General Tanaka's memorandum.* The same idea is expressed by Mori Kaku, a Seyukai Party leader, in his report at the Far Eastern Conference in June, 1927, under the chairmanship of General Tanaka (Premier). According to him, "Manchuria is the first defence line of Japan. To preserve peace in the Far East, Japan must protect this defensive line, even if she has to stake her national existence on it. For the economic development of Manchuria and Mongolia we must apply the principle of equal possibilities and the policy of the open door. For this, in order to carry out these principles and the tasks which face us, Japan must carry on a struggle against all enemies who are preparing to oppose her. To speak openly, if Russia thinks of hindering us, Japan will fight against Russia. Whatever happens, Japan will stand by Manchuria. Such was the gist of the problem discussed at the conference. With regard to Russia and America, this matter is already decided. A conflict is inevitable, sooner or later." Such was the bold statement of War Minister Araki and the leader of Seyukai.

In order to set the workers and peasants against the Soviet Union and rouse their hatred against the Chinese Soviets, the Japanese imperialists, diplomats and military cliques are busy with war propaganda. The late Japanese Ambassador in Moscow, Tokichi Tanaka, contributed an article in a journal in June, 1932, under the title "The Soviet Union and Japan," in which he writes as follows: "Ever since the Soviet system was established, it received keen attention among the Japanese and caused grave anxiety. One aspect is in Japanese-Russian diplomatic relations, but in essence it amounts to Soviet policy in China. We cannot ignore the rapid and wide growth of the Communist movement on large territories of China, the inevitable result of which will be disorder and devastation in China. . . . The Japanese believe that the source of these disorders is Leninism, and that they develop because directly or indirectly they are under the influence of Moscow." Further, the ex-Ambassador Tanaka writes of Outer Mongolia and expresses his fear of the Soviet system, concealing his deadly fear behind diplomatic phrases and regarding it at the same time as the possible cause of war with the Soviet Union.

The representative of Japan in Geneva, Matsuoka, stated that the so-called Memorandum of Premier Tanaka is a forgery by the Government of China, but

in Japan this document was legally published and distributed as one of great importance. What the War Minister declared from time to time are nothing but repetitions of the Tanaka Memorandum.

In these circumstances of ideological and practical preparations for the future war, industry works at a feverish speed, and the workers are exploited to the extreme and kept in subjection under the bayonets of the gendarmes.

The Japanese Press howls loudly of the recovery of industry and commercial life since the beginning of this year. It gives figures to prove that foreign trade, both imports and exports, has increased and that the excess of imports over exports has fallen compared with previous years. Further, it shows that in all branches of industry there is a small but distinct improvement, that the investment of new capital, the foundation of new factories and the amount of dividend has improved, compared with the previous year. The index of prices in general increased in May by 2.7 points compared with April. The number of workers increased from 73.0 in 1932 to 78.5 in 1933 and real wages have increased from 89.4 in 1932 to 91.0 in 1933 (1926 is taken as 100).

These brightly hopeful estimates of the economic situation in Japan will not bear criticism. In reality, Japan is faced with a series of unheard-of difficulties, both inside the country, and on the international arena. The international situation for Japan has steadily worsened recently. The relations between America and Japan have grown more intense. In spite of the fact that Britain has carried on a united front with Japan in its Chinese policy, the economic conflict between Japan and Britain has sharpened all the time until an actual tariff war was declared, as the result of the refusal of Britain to conclude an Anglo-Japanese trade agreement for India, and the intentions of the Indian Government to prevent the import of Japanese textiles, which were successfully competing with Lancashire products. Japanese goods compete with Lancashire manufacturers not only in India, but in the other dominions and colonies of Great Britain. Last year Japan obtained over 75 million yen nett profit from trade with India. The Japanese merchants who trade with India are full of indignation at the British action, i.e., the sudden breaking off of commercial relations without warning and a simultaneous raising of Indian tariffs on goods of Japanese origin. In the near future the Indian Government is expected to put prohibitive tariffs on imports from Japan. The tariff war, which was started by England is spreading to all the other dominions and colonies of Great Britain. Nevertheless, Japan has to get industrial raw material from them. The Japanese say that a boycott of Indian cotton should be carried on, but this is suicide in the fullest sense of the term by Japan, and in any case

* "Japanese Imperialism Stripped." Id. 3 cents.

would strike a heavy blow at the Japanese cotton industry.

At the present time, America seems to be taking up a quiet position to Japanese trade, allowing the import of raw silk at high prices, which is a source of big profits for Japan. But America has the possibility of destroying Japanese foreign trade by putting high tariffs on imported raw silk just as it threatened during the world war to stop the Japanese metal works by an embargo on the export of steel and iron to Japan. Japanese economy is in a very unreliable and risky situation. The economic life of Japan is almost entirely dependent on foreign trade; it is under a heavy load of foreign debts, and has to import its raw materials from foreign countries.

If we look deeper into the productive conditions, and economic conditions in general, in Japan, we come to the conclusion that it is near to bankruptcy. In the villages there is pauperism. The great masses of the peasants are starving, owing to the high taxes and the exploitation of the moneylenders and banks. The Japanese peasants are deeply involved in debt, which reaches the sum of seven billion yen. Japan is menaced more and more by economic catastrophe. And among these varied economic difficulties, Japan, as indicated above, is all the time occupied with the idea of war and preparations for mobilisation. At the same time, the peasant revolutionary movement is developing right throughout the country. The high price of raw silk and cocoons (300-400 yen for a bale to 1,100 yen) will undoubtedly bring certain profits to a couple of million peasant farms, but this does not alter the fact that they are heavily pressed by debts and taxes and the exploitation of their resources caused by the war in Manchuria and Mongolia.

At the present time, Japan is absolutely isolated. It is no longer a member of the League of Nations, and its bandit war in China increases its antagonism with America. War between them is inevitable. British interests in China are in direct conflict with Japanese interests, while in South China British interests have deep roots, as well as French interests. American French and British imperialism will not allow Japan to enlarge the sphere of its robbery in China. Japan is the weakest of the imperialist Powers. Japan is poor. Its peasants are starving. Its proletariat are driven to the wall. The toilers are revolting against the possessing classes who exploit them.

The Japanese position in Manchuria and Mongolia has strengthened as she has been successful in her war in Northern China and, as mentioned above, owing to the conclusion of a truce with the Nanking Government. This truce, which was dictated by the Japanese militarists, gave a breathing space for the

preparation of further war activity in China and the consolidation of the Japanese positions.

At the present time, Japan controls Manchuria, Inner Mongolia and threatens Outer Mongolia. At the same time she has a firm footing in Peiping and Tientsin and has occupied a series of other strategical points along the Great Wall. America is trying to finance the Nanking Government, so as to help it to form a strong army with the help of American dollars and material. In some circles it is supposed that America is taking up a waiting position with respect to Japan, either to come to terms with Great Britain or to await the weakening of Japan in a war against the Soviet Union, and then deliver the death-blow to her. In China everyone considers that Japan is playing the rôle of the German Kaiser during the last world war. The difference is that Japan consolidated herself victoriously in Manchuria at the first blow, whereas the Kaiser failed in his first attempt to invade France through Belgium.

But why do the imperialist Powers allow Japan to consolidate herself to such an extent in China? She has practically seized all Northern China, including Manchuria and Mongolia and the province of Jehol. Why does not America carry on a direct struggle against Japan, which is more and more interfering with American interests in Manchuria and in China proper? Why do they all take up a passive position while Japan prepares for a further extension of its influence in China and is carrying on its war preparations at a frenzied rate? *All this takes place because the imperialist Powers, including America, want to weaken revolutionary China and prepare the ground for war against the Soviet Union,* which is achieving unprecedented success on the basis of the second Five-Year Plan and threatens the capitalist world with destruction.

Japan cannot keep her preparations for the future war against the Soviet Union on endlessly. She will be doomed to destruction if she postpones this war for a long time. The British tariff war will tremendously weaken her industry and foreign trade. What is left for Japan under such circumstances? Here a great danger to the peace of the world is to be found. The establishment of the fascist régime in Germany has encouraged Japanese imperialism enormously, and will have a considerable influence on the fascist organisations of Japan. It will serve to strengthen the war fever in Japan. In economic respects Japan will inevitably approach nearer and nearer to catastrophe if she continues along her present path. Under such conditions, the only way out for Japanese imperialism is to take up arms and begin armed intervention. There is no other way out of the present situation for Japan.

If Japan begins armed intervention in the Soviet Union, the imperialist Powers will not leave her to

her fate. America, possibly, would be very satisfied with this, but, on the other hand, if the Soviet Union came out on top in this war, it would become a great danger to the existence of the imperialist Powers. Therefore they will aid Japan. If such a situation arises, the war danger is very real and serious. Let the revolutionary proletariat of the world clearly realise that the war danger against the Soviet Union is urgent and imminent. It has increased since Tokyo and Nanking made a truce. The latter set Chang Kai-Shek's hands free for the struggle against the Chinese Soviets. It is reported that Chang Kai-Shek has started a sixth punitive expedition against the Soviet power in China. It will fail as surely as the previous ones, but there is no doubt that the situation is serious for the Chinese revolution, as the Nanking Government will undoubtedly get help from the American Government. Japan will help Chang Kai-Shek in his struggle against the Reds. The conclusion of the truce will hinder the development of the revolutionary movement in North China and Manchuria, which in turn increases the danger of war against the Soviet Union.

Will Japan fight America first, or will she start with the intervention war in the Soviet Union? America has long since made up its mind that it will have to fight Japan, and of course, Japan will not avoid this war. It would be easier to incite the working class of Japan to support this war than a war against the Soviet Union. America has oppressed and discriminated against Japanese immigrants for tens of years. In view of this, it would be much easier to create a war fever against America, but Japan does not want to march into the war against America alone. However, Great Britain is not so keen on a war with America, as it raises a grave danger of losing Canada. However, British capitalism cannot leave Japan to its fate in a war in the Far East, because Japan might make unpleasantness in India, if driven to extremities and pinned against the wall in a struggle for existence. Even now, the Japanese textile exporters are talking of the need to support the revolutionary movement in India to hit at British interests there, if the British Government continues its fight against Japan on the tariff question.

Thus, when we look at the entire internal situation in Japan and the international position, we have to conclude that all the imperialists prefer armed intervention against the Soviet Union. But this intervention must end in defeat for them. The Japanese army in Shanghai was beaten by the army of workers, students and coolies, because the latter were filled with revolutionary enthusiasm and the spirit of the Chinese Red Army, which had emerged victorious in the struggle against Chang Kai-Shek.

Reviewing the position in the Far East, we come

to the conclusion that war is inevitable, and that Japanese imperialism will play the leading rôle in it. We have only to deal now with the internal conditions in Japan as far as they relate to the future war. We have already spoken of the economic situation in Japan and her war preparations, the mobilisation of industry and the ideological preparations. There remains the revolutionary movement among the workers and peasants, and the anti-war movement.

Strikes are increasing, and taking the form of revolts against the Government, which always takes the side of the capitalists. These struggles often take place in connection with the anti-war movement. The white terror is used against the revolutionary movement and the Communists. The militarist clique fully realises that the only resistance to the approaching war comes from the revolutionary workers led by the Communist Party of Japan. To prevent possible anti-war demonstrations, they arrested several thousands of workers in September, 1931, before the start of the Manchurian expedition. Since then, many arrests have been made and repression is applied to crush the revolutionary movement among the workers and peasants. Day after day we find many cases of peasant revolt against the landlords and the police authorities. Bloody street fights are the order of the day, both in the towns and villages.

The peasant revolutionary movement has been growing throughout the country in connection with the increasing exploitation of the peasants by heavy taxes and interest on debts. As an example, we give the events in the province of Echigo, where the land belongs to big landlords and where, as the result, the tenants are more conscious. It is reported in the Press that the peasant movement in Echigo is led by ex-soldiers. The peasants have organised their union of struggle against the landlords who oppress them. They have obtained themselves improved conditions.

Another example deals with the anti-war propaganda carried on by a returned soldier in one of the Tokyo factories. One evening it was announced that this soldier from Manchuria would report on the conditions at the front. Expecting to hear a patriotic story, even the manager came, as well as all the officials. Naturally, the workers were all there. The soldier made an anti-war speech. He informed the audience of the terrible conditions at the front, the inequality between the soldiers and the officers etc. The manager did not wait for the end of the report, and the workers, after the meeting, organised an anti-war committee and decided to carry on a campaign against the war.

The Japanese Communist Party is compelled to

exist underground. The white terror, murders and tortures, are used day by day for the struggle against it. About 3,000 revolutionary workers have been thrown into prison. But despite all this, the revolutionary movement is spreading and Communism is penetrating all circles of the people. Even the Red trade unions are compelled to exist illegally. Nevertheless, they do not stop their activity.

The working class is subject to the worst exploitation owing to inflation, military expenditure and the

big national debt. It organises strikes for the struggle against exploitation and oppression. In many cases these strikes are declared in connection with conscription and mobilisation for the front. The Japanese workers and peasants have realised the danger of the future war. They are fully carrying out their revolutionary duty. They will defend the Soviet Union and the Chinese Soviets and will fight against the capitalist war-mongers to convert the future war into civil war.

THE GROWTH OF IMPERIALIST ARMAMENTS

By S. DASHINSKY

THE extreme sharpening of contradictions between the imperialists, and the deepening of the basic contradiction of the world to-day—the contradiction between the U.S.S.R. and the countries of capitalism—have created the danger of gigantic military conflicts, primarily, the danger of a new war against the Soviet Union. The preparation of a new war of colossal scale is developing at the present time with such feverish tempo that the period of preparation for the imperialist war of 1914-18 has long been surpassed. One can judge as to the extent of these preparations and the nature of the growth of armaments to-day from the following three basic indications:

1. The continual growth in numbers of armed forces and the increase of military budgets,
2. Unprecedented competition in the development of military technique,
3. Steps, connected with concrete war preparations undertaken by various imperialist Powers in definite hotbeds of imperialist contradictions.

The struggle against the war danger under these conditions cannot be limited merely to general anti-war slogans. This struggle demands knowledge of the concrete forms and character of the military preparations of the imperialists. Anti-War Day (August 1st) must be utilised to the fullest extent to explain to the masses the full significance of these concrete war preparations of the bourgeoisie.

I. NUMERICAL INCREASE OF ARMAMENTS.

It is a known fact that the numerical strength of the armies of the major capitalist Powers, far from being reduced in the years following the war, have

grown. This may be seen from the following data taken from the bourgeois Press:

The Armies of the Great Powers (000 omitted)

Country.	1914	1925	1931-33
France	752.6	663.7	724.3
Italy	273.9	250.9	491.4
Great Britain (withov* Dominions)	432.4	302.9	281.3
U.S.A.	226	305.4	325.5
Japan	233.3	234	320.3
Total	1,918.2	1,757.4	2,143

Thus, the actual strength of the standing armies of the Great Powers at the present time represents an increase of 200,000 men above the 1914 level and almost 400,000 above the 1925 level. To this must be added that, owing to the extensive development of military training of the population (particularly through the agency of fascist military organisations), the mobilisation possibilities of the above-mentioned Five Powers has greatly increased. In 1914 these countries mobilised approximately five-and-a-half million soldiers, at the present time, in the course of the first one or two months of war they hope to bring the number of soldiers in the ranks up to nine million.

The armies of the smaller countries as well as the colonial armies of the imperialists, are not lagging behind the Great Powers. This can be seen from the following statistics published in the bourgeois Press:—

Numerical Strength of Armies (ooo omitted).

Country.	1925	1932-33
Poland	281.2	290
Rumania	143.2	189
Czecho-Slovakia	117.6	159.0
Yugoslavia	119.2	148.4
Belgium	99.7	85.8
Finland	26.9	23
Esthonia....	17.7	14
Latvia	18.6	19
India	342.5	321.2
Turkey	104	205.3
Persia	30	77
Afghanistan	41.5	71
Total	1,342.1	1,602.7

Here, again, the growth of the numerical strength of the armies is obvious.

This general picture of the growth of armaments can be supplemented by figures illustrating the growth of military expenditure. It is, however, necessary to bear in mind that the imperialists use all possible means of concealing the actual growth of military expenditure, and very cleverly camouflage this expenditure under the guise of seemingly innocent expenses. Therefore, all the figures given by the world Press must be regarded as approximate. These approximate figures show, for example, that in 1913 the military budget of the Five Great Powers (France, Italy, Great Britain, U.S.A., Japan) amounted to 1,153 million dollars, in 1925 this sum had already grown to 1,745 million dollars and in 1931-32 2,373 million dollars. The last figure represents a growth of 205 per cent. in comparison to the pre-war budgets. However, if we take, besides the official military expenditure, the actual expenditure connected with war preparations, then the picture will be much more alarming, thus :—

Military Expenditure of Major Capitalist Countries—1932-33.

Country	Military Budget	Direct Military expenditure (in millions of dollars)	Military expenditure in the broad sense	Military expenditure including State war debts
Great Britain	534.2	618.1	890.7	2,630.7
U.S.A.	841.1	899.7	1,598.6	2,852.9
Italy	314.3	377.1	445.8	708.7
Japan	235.5	400.0	550.0	575.0

2. THE DEVELOPMENT OF MILITARY TECHNIQUE.

In the development of modern military technique two characteristic features can be pointed out: (a) a colossal growth of quantity and quality and the destructive power of firearms (machine-guns, artillery); (b) development of new technical weapons of

warfare, viz., aviation, tanks and other armoured machines, chemical and bacteriological weapons, various electrical and engineering instruments and weapons, and new types of battleships.

With regard to firearms (and correspondingly destructive power), the army of to-day may be judged from the fact that the volume of rifle and machine-gun fire of the modern infantry division has grown two to two-and-a-half times since 1914, although the number of rifles per division has been substantially reduced. We must also bear in mind that, simultaneously with the growth of the number of machine-guns and their increasing rate of fire, great changes have taken place in the perfection of range-finding and other instruments.

At the same time there has been a continuous strengthening of artillery as a weapon of the modern army. This has been marked by a growth in quantity and quality, as well as a general perfection in the art of artillery fire.

To-day an American army division is capable of firing 17.6 tons of shells in one minute (3.7 tons from artillery attached to infantry, 9.3 tons from divisional artillery and 4.6 tons from artillery at the disposal of the chief command). In 1914 the American army division was capable of firing 8.1 tons of shells per minute, thus the growth of artillery strength in the American division, in comparison with 1914, is 117 per cent. In the French army the amount of shells fired per minute by the artillery of one division is 14.5 tons in comparison with 3.9 tons in 1914. If we take the increase in the range of artillery fire into consideration, then the growth of artillery is even more obvious; thus, in 1914 the artillery of a French army division delivered in one minute 32.8 ton-kilometres of shells, at the present time it is capable of delivering 144.5 ton-kilometres (increase approximately 4.5 times).

Simultaneously with this colossal growth of old weapons, "new" weapons are being introduced on a broad scale.

Aviation. The general growth of military aviation may be seen from the fact that in three countries—Great Britain, U.S.A. and France—the number of planes employed in the army in peace time has been growing from year to year. In 1923 these three countries had 2,200 planes, 1926 2,900, 1930 5,200, 1932 5,500. But this growth in the number of planes does not reveal the actual strength of the modern aerial forces. The perfection of aviation becomes evident when analysing the battle qualities of the modern aeroplanes. Thus, for example, the maximum speed of the modern aeroplane in comparison to the machines used at the end of the world war reveals absolutely new qualities in this sphere and radically changes the nature of aerial warfare. Thus, the maximum speed of fighters

(planes built for fighting enemy machines in the air) in 1918 was 150 kilometres per hour, in 1920, 220, at the present time it is 375 kilometres per hour; scouting planes—1918, 200 kilometres per hour, at present 320 kilometres per hour; light bombing planes—1918, 150 kilometres per hour, now 310 to 325 kilometres per hour. At the same time new types of planes have been introduced which were unknown before, viz., super-bombing planes, with a speed of 250 kilometres per hour.

Owing to this growth in the speed of military planes the range of utilisation of aviation has been greatly increased, and has created new possibilities of carrying military operations into the hinterland and of effecting the vital centres and districts of the country. Together with this, the carrying capacity of war planes has been continually growing, which means, that the load of bombs a plane is able to carry is now much bigger than in former years. To illustrate this it is sufficient to cite figures regarding the bomb capacity of British, French and American planes: 1914 40 tons, 1925 (peace time aviation) 730 tons, 1932 (peace time aviation) 1,800 tons.

The aims of aviation engineers in bourgeois countries are directed towards finding means of increasing this capacity of the military air fleet. In particular in Germany, France and the U.S.A. research work is being carried on in connection with the construction of stratospheric planes. It is hoped that these planes will be able to attain a speed of 450 to 500 kilometres per hour at a height of 15 kilometres and that they will be able to bomb enemy cities without hindrance from anti-aircraft guns. Research work is also being carried on in the construction of engines, particularly Liesel engines, as well as experiments with steam and rocket engines for aviation. In many countries experiments are being made with "dummy" pilots with a view of lightening the work of the pilots. In Germany, France and the U.S.A. experiments are being made with the installation of artillery on aircraft. New types of air bombs are being created, thus "leaping" chemical bombs calculated to strike a maximum area, time bombs, with a mechanism regulating the time of explosion (the explosion can be set for any time up to twelve to twenty-four hours after falling) with a view of terrorising the population of the bombarded cities, aluminium bombs, which make it possible to utilise 80 per cent. of the weight of the bomb for explosive material and many other types. Finally, in bourgeois military circles intensive work is being carried on around the solution of the problem of independent aerial operations and experiments of broad scale utilisation of military aircraft are going on. The Italian general, Douhet (died in 1930) is the author of a whole theory of the "decisive operations of aviation." This theory, according to the opinion

of its author, if skilfully put into practice, will completely defeat the enemy in one or two days. This doctrine of Douhet has been very much discussed recently in many countries. In Italy and America, apart from theoretical research work in recent years, the military have been experimenting in mass utilisation of aviation, i.e., the utilisation of 500 to 900 planes in one operation. A German writer, of fascist tendencies, Helder, has written a book which gives a true picture of the possibility of destroying Paris by British aviation.

In regarding this colossal progress of the technique of military aviation one can say with certainty that the destructive power of the future aerial war will surpass all the extensive destruction caused by aviation during the imperialist world war of 1914-18.

Another important weapon in the new military technique is the *tank*. The perfection of this weapon has progressed no less than aviation. The number of tanks that will find their place in the fields of battle in the future war of the great imperialist Powers must be counted by the thousand, if not by the tens of thousands. It is sufficient to say that France alone at present has 5,000 tanks. The industry of such countries as the U.S.A., Great Britain, France and Japan, when mobilised, will be in a position to produce tanks in great numbers. But even those bourgeois countries that are lagging behind in tank construction are now striving (by buying tanks in other countries, and by starting producing their own) to "catch up and surpass" their competitors. This is true, for example, in the case of Japan, which in 1931 had only about 140 tanks, mainly of the old type. At the present time Japan has 800 tanks and is carrying on intensive work in developing its tank corps. Poland has already succeeded in collecting 500 tanks.

Similar to aviation the tank corps has been growing not only in numbers, but in quality as well. The speed of the Renault tanks of the world war was from 5 to 7 kilometres an hour; the tanks of to-day have a much higher speed: the Vickers light tank has a speed of 35 kilometres per hour, the Vickers Amphibian 65 kilometres per hour, the new American Christie tank (1932 model) has a speed of 100 kilometres per hour on caterpillars and 150 kilometres on wheels. In accordance with this growth of speed, the radius of action of tanks has also grown. The Renault tank of world war days was limited to a radius of 50 to 60 kilometres, the light Vickers tank of to-day has a radius of 350 kilometres, and the Christie tank 600 kilometres. The general battle qualities of modern tanks make them absolutely different from the tanks used at the end of the world war. Trenches more than two metres wide that could not be crossed by the tanks of the world war, are no longer a hindrance to any of the new types of

tanks. Auxiliary sapper tanks make it possible to overcome such hindrances. Super-heavy tanks (the French 3-S tank, Italian T-105 tank) are able to cross a trench 5 to 6 metres wide without the help of sapper tanks. The modern tanks as a rule are able to move up-grade along the slope of 45 degrees and overcome vertical obstacles 1 to 1½ metres high. Water is no longer an obstacle since the introduction of the Amphibian tank. The old type of tank was almost completely "blind." Range finding was carried on in a very primitive manner, by peeping out of narrow slits in the armour. At present, a number of new inventions have made it possible to have a view of the battlefield on all sides, at the same time being defended from enemy fire. Contact between tanks in action, which was a very weak point during the imperialist war, is now made possible by the introduction of radio operating a distance of 8 kilometres and connecting tanks moving at full speed. Finally, the tank of to-day has progressed very far in the superiority of its armaments (the modern tank has ten to twelve machine-guns and 75 mm. and 155 mm. guns). The same progress has been made with the construction of more perfected armour-plate, in certain types of tanks 60 mm. plate is used, which is capable of resisting light artillery shells fired at direct range.

It is not surprising, therefore, that numerous theories have been produced and lively discussion is constantly going on, in bourgeois military circles, around the question of the utilisation of tanks. In particular, in connection with the development of tank technique, great popularity is being won in bourgeois military and political circles, by the theory of so-called mechanised warfare, the exponents of which are the British general Fuller and his colleague Liddell Hart. This theory has gained some popularity also in France (Alleo, Gaumont and others,) in Germany (von Seeckt, Soldan) and in other countries. These ideologists of mechanised bourgeois armies come forward not only as military specialists, but as preachers of a new formula for "saving" dying capitalism, which now finds itself in a blind alley with its mass armies, and is always in the danger that the arms of these mass armies will be turned against capitalism itself, and that it will "fall as a result of its own dialectical development" (as foreseen by Engels in "Anti-Duhring"). The essence of this recipe proposed by the exponents of mechanisation is purely fascist: to create a picked army of fascist knights, and do away with the mass army ("the mob") made up of workers and peasants, or, in any case, to give this mass army only a secondary rôle, behind the lines. It is not difficult to see that this fascist theory is in absolute contradiction to reality, when we consider the growth of mass armaments requiring the services of millions of people for the utilisation of modern military technique on the battlefield, and

the manufacture of this technique behind the lines, in industry, as well as its transportation to the front. The theory of "small armies" is nothing but the expression of the internal contradictions of modern capitalism in the military sphere. However, certain practical results of Fullerism, inasmuch as they touch upon the training and utilisation of the tank corps are important to the understanding of the war preparations of the bourgeois countries, and must therefore be taken into consideration in our struggle against the war danger. In particular, attention should be paid to the idea of military operations in the far hinterland of the enemy, carried out by tank detachments. This idea has been worked out, in more or less detail, by Fuller and, to a certain extent, practised in the manœuvres of the bigger European armies in recent years.

The question of *chemical warfare* is of the greatest importance in our struggle against the war danger. It is necessary to expose the preparations for chemical warfare now being carried out by the bourgeoisie, and to show that all agreements concerning the abolition of chemical warfare are merely empty talk. From this point of view, it is advisable to cite here the words of several members of the British society of chemical industries at its meeting of February 3rd, 1930:—

DOCTOR LEVINSTEIN (the President of the Society and the inventor of one of the basic processes for the production of yprit) said: "No agreement restricting the use of poison gas serves its purpose, it is always possible to find a way out. Thus, a clause of the pre-war Hague Agreement reads: 'The opposing armies must abstain from the use of projectiles, the sole object of which is the diffusion of asphyxiating or deleterious gases.' The gas attacks of the Germans in 1915 were discharged not from projectiles, but from cylinders. Most, if not all, of the poison gas shells employed afterwards had a high explosive charge and their object was not 'solely' the liberation of asphyxiating or deleterious gases."

BRIGADIER MARRIOTT-SMITH: "Chemical warfare technically is extraordinarily attractive to the professional soldier." His view was that gas methods are not only valuable but almost indispensable.

PROF. GREEN (Levinstein's assistant in directing the production of mustard gas during the world war): "We would be living in a fool's paradise if we subscribed to systems of prohibition which obviously could have no effect whatever."

(The above-mentioned speeches are cited from the reports of the meeting published in "Chemistry and Industry," No. 6, 1930, and "Chemical Age" of February 8th, 1930, also "The Oil and Colour Trade Journal" for February 7th, 1930.)

We must say that all of these statements of the representatives of the bourgeoisie regarding its intention to utilise chemical warfare on a wide scale

in the next war are accompanied by a continual growth of the chemical industry and chemical technique. During the last world war the average monthly production of poison gas in Germany was 1,500 tons, U.S.A. 600 tons, France 800 tons, Great Britain 1,200 tons. The capacity of the chemical industry to-day and its preparations for mass production of poison gas in case of war, will raise the monthly production as follows : U.S.A. 35,000 tons, France and Great Britain 10,000 tons each.

One may add to these figures that the modern means of chemical warfare make it possible to infect considerable areas, thus ten automobile tanks loaded with chemicals can affect 52 hectares in a few minutes, ten aeroplanes with the help of bombs or aerial weapons can affect an area of 20 hectares.

Side by side with chemical weapons there is going on, in recent years, the development of *bacteriological weapons*. On this question even less is said and written than on chemical warfare. But there is no doubt that the imperialists will not stop short of utilising bacteriological warfare. "The aim justifies the means," such is the moral of the bourgeois warmongers on this question. The Italian military writer Biergiero Ferretti, wrote in February, 1931, in "Rivista Aeronautica": "Bacteriological warfare in contrast to all other means of warfare, does not demand costly equipment, nor many people for its operation, nor large expenses for its production.

"Besides this, military bacteriological science is of an absolutely secret character, which is not true of many other weapons of offensive. Therefore, for a scientifically advanced nation there should be no difficulty to work out in its bacteriological laboratories a huge amount of bacteriological material for offensive purposes."

Ferretti further enumerates the various bacteriological means of attack. Among others he cites the following contagious diseases: Yellow fever, typhoid fever, cholera, cataplexy, enteric fever, glanders, etc., and continues: "Bacteriology is a constantly progressing science. If, up till now, there are certain diseases that cannot be used as a means of offensive because the methods of curing

them are unknown then this position can change any minute."

The technical means for spreading germs in bacteriological warfare are, according to Ferretti, the following: Aerial bombs and specially built bombs containing germs, cattle and emissaries, infected with the disease and specially sent into the hinterland of the enemy. In general, we must recognise the correctness of the conclusions of Woker, chief of the Institute of Physic-Chemical Biology in Switzerland, who states "We must bear in mind that after the world war in various countries the application of bacteriological warfare is being studied. There can be no doubt that in the wars of the future this weapon will be used as a weapon of offensive." ("What Will Be the Character of the Next War?"—Geneva, 1931).*

In the sphere of development of *military-electro technical and engineering devices* special importance should be attached to the great progress made by military radio. Especially the control of mechanisms at a distance (tanks, aeroplanes, torpedo-boats, mines, etc.), ultra-violet rays, sending of electric currents through barbed wire, utilisation of fast hardening cement for fortifications, etc. In this sphere, the development of military technique has by no means exhausted all its resources. We should be prepared for many surprises in this field.

Finally, great strides forward have been made in the technique of the modern *navies*. The total number of ships and the total tonnage has not grown since 1914 (the Five Great Powers possessed in 1914, 1,415 units with a total tonnage of 4,754,000, in 1932 the respective figures are 1,412 and 4,372,000), but the ships themselves have changed, and great changes have taken place in their technical equipment. On the whole, the number of dreadnoughts has been decreased, whereas, at the same time, there has been extraordinary growth in the number of submarines and other types of ships such as plane-carriers, new types of cruisers, etc. For example, the construction of submarines during the entire post-war period has been going on with such great intensity that the number of submarines of the modern navies is much higher than the pre-war level, as can be seen from the following table:—

Year.	ENGLAND.		U.S.A.		JAPAN.		FRANCE.		ITALY.	
	No.	Displace- ment.	No.	Displace- ment.	No.	Displace- ment.	No.	Displace- ment.	No.	Displace- ment.
1914	105	50,933	51	21,410	8	8,250	69	42,860
1932	69	68,718	96	87,543	81	93,570	108	11,0889
									65	42,465

Especially great is the increase in the number of submarines in the Japanese navy, where their construction is proceeding at a feverish tempo. In comparison to 1914 the number of Japanese sub-

marines has been increased ten times and their total tonnage twenty-eight-and-a-half times. But in other countries, as well, we see that the number of

* London: Victor Gollancz.

submarines has doubled and that their tonnage has grown three to three-and-a-half times. It is characteristic that Great Britain has reduced the number of submarines, at the same time increasing the total tonnage of its submarine fleet. This fact throws light upon the general tendency in the development of the imperialist navies of to-day, the tendency to increase the battle capacity of the submarine fleet. It is necessary to note that this tendency is apparent in the case of all classes of battleships. For example, in 1914 the average tonnage for dreadnoughts and battle-cruisers was 19,000 to 20,000 tons, at present this average has been raised to 30,000 to 32,000 tons, in the case of light cruisers the average tonnage has been raised from 4,000 to 6,000 tons, mine-layers and flotilla leaders have had their average tonnage increased from 500 to 1,500 tons and submarines from 450 to 1,000 tons. In accordance with the growth of the fighting capacity of all navy units the power of the mechanisms and calibre of armaments has also grown.

In comparison to 1918 the distance for battleships operating away from their bases has grown as follows: submarines from 8,000 to 10,000 miles, cruisers from 4,000 to 10,000 miles, mine-layers from 2,400 to 4,000 miles.

The facts and figures illustrating the growth of military technique as given above speak for themselves. They show the attempts made by the imperialists to utilise for warfare all the latest achievements of science and technique.

3. WAR PREPARATIONS FOR CONCRETE ARMED CONFLICTS.

At the present time, in a period of extraordinary sharpening of conflicts between States and classes, on the eve of a new cycle of wars and revolutions, we can see with clarity not only the general growth of militarism in the capitalist world, but the concrete war preparations of the imperialists in connection with definite conflicts. First of all, one sees the *intensive war preparations of the bourgeois countries bordering the Soviet Union, and also of the imperialist Powers which are now pursuing a hostile policy in regard to the Soviet Union and come forward as the initiators of new anti-Soviet blocs and intervention against the U.S.S.R.* These preparations of the bourgeois military machine against the U.S.S.R. can be partly gauged from the figures given above in the survey of the growth of armaments of various countries. It is, however, necessary to emphasise the special intensiveness of the anti-Soviet war preparations of two imperialist Powers—Japan and Great Britain.

Japan is at the present time conducting a radical reorganisation of its armed forces. While conducting, in practice, a war against China, Japan has increased its army by 100,000 men, it has formed 4.5 new army divisions and has transferred for permanent duty on the Asiatic continent a 100,000 strong occupation army consisting of eight divisions, two cavalry brigades, 250 aeroplanes and 200 tanks. All of the military units of the Japanese army are undergoing thorough reorganisation. New types of weapons are being introduced (machine-guns, artillery, tanks, aeroplanes, automobiles) part of which were purchased in Great Britain, France and Germany and the other part manufactured in Japanese munition plants, which for the last one-and-a-half years, have been working at full speed. According to the new plan of organisation, every army division instead of 36 guns and 102 machine-guns, will now have 60 guns, 360 machine-guns, 10 aeroplanes, 60 automobiles and one battalion of tanks. The existing eight tank attachments are being reorganised into tank regiments. Preparations are on foot for forming mechanised brigades. A war-time air fleet, consisting of some 2,000 to 2,500 planes is being built.

A certain section of the Japanese military do not hesitate in emphasising that this thorough reorganisation of the Japanese army is being carried on at such a feverish pace to hasten the day when the Japanese army will be in a position to begin a war against the Soviet Union. They do not hesitate to say that the war now being conducted in China and the seizure of Manchuria and Inner Mongolia must be regarded merely as stages in the preparations for seizure of the Soviet Far East. The growing power and defence capacity of the Soviet Union has compelled the Japanese war-mongers to be more careful and less self-confident, but it has not convinced them that their annexation plans are criminal. But, besides anti-Soviet military propaganda of a definite part of the Japanese military and fascists, the danger of war against the U.S.S.R. in the Far East is obvious also from the concrete war preparations of the Japanese general staff in Northern Manchuria, near the U.S.S.R. border, as well as on the borders of the Mongolian People's Republic. Manchuria is more and more being transformed into a stepping stone for anti-Soviet attacks. On the territory of Manchuria, new railways are being built; thus since the occupation of that country 600 kilometres of track have been laid by the Japanese and approximately the same amount is now under construction, all of these lines are of purely strategic nature.

(To be continued.)